



Coming Home to Hartford

Interim Report of The Mayor's Homeownership Task Force

**Mayor Eddie A. Perez
City of Hartford**



September 2002

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Coming Home to Hartford







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Executive Summary

It has been known for some time that Hartford has the lowest homeownership rate in Connecticut, and the lowest rate in the nation for a city of its size. Recognizing the difficulties reflected in this statistic, Mayor Eddie Perez convened the Hartford Homeownership Task Force in March of 2002. He gave them the charge of developing a strategy and recommendations for the City of Hartford to increase its homeownership rate from 25% to 30% over the next five years.

The task force of twenty-one members has worked for the past four months to develop a body of recommendations aimed at increasing the supply of quality homes in Hartford and strengthening the market demand for these homes. The task force has identified numerous specific recommendations within six major goals as follows:

-  Produce attractive, well-design homes that give Hartford a competitive edge in the regional housing marketplace.
-  Target housing investment in concentrated areas to maximize impact and insure long-term viability.
-  Attract homebuyers from throughout the city, region and state.
-  Streamline the site acquisition and production process for homeownership.
-  Increase the number and capacity of developers and contractors to produce homes in Hartford.
-  Expand the pool of resources to meet production and home purchase goals.

The Task Force sets forth this strategy and recommendations based upon the premise that quality housing is a keystone of a healthy community. The development of quality housing is often the first step in a strategy to spark revitalization in cities and neighborhoods. Quality, affordable housing is also a major asset in attracting residents of all ages and income groups to the neighborhoods of Hartford, increasing diversity and strengthening the economic base. Homeownership will play an increasingly

important role in shaping opportunity and building community in Hartford.

The implementation of these recommendations will take the cooperation and support of the many constituencies represented in the Mayor's Homeownership Task Force. Community, corporate, religious, government, housing and real estate interests all have something to gain by increasing homeownership in Hartford. Cooperation of all of these sectors can help to transform the challenges of Hartford into positive examples of growth and vitality.

To not act is unacceptable. Too many low-income people are living in substandard housing, and in neighborhoods of concentrated poverty and isolation from economic opportunity and the mainstream of society. Racially segregated and economically isolated communities impose a high economic and social cost in terms of poverty, crime, health, and poor educational outcomes. Alternatively, mixed income communities are more stable, have more political and financial resources, less need for expensive social services, and provide a safer, healthier environment for children and families. The City's housing policy should address not only the need for more affordable housing, but also the importance of using housing as the building block of stable, diverse and mixed income communities.

The Task Force recognizes that the Mayor's challenge of attaining a 30% homeownership rate in the City during the next five years is very ambitious and will require strategic utilization of all publicly held and privately owned site amenable to locating homeownership opportunities. Hartford is densely built and has limited opportunity to build housing that the homeownership market demands. Our "achievable" homeownership rate – given the existing stock – is below 30%. This means that all development plans must be challenged to incorporate homeownership to facilitate meeting the Mayor's goal. We recommend that the concepts included in this report be considered in all funding and approval decisions moving forward. The Task Force stands united in the belief that through this plan we will begin implementing the vision of Hartford as a healthy, vibrant and housing rich community.

Coming Home to Hartford

Report of the Mayor's Homeownership Task Force

Mayor Eddie A. Perez, City of Hartford



PART I: OVERVIEW

1. Introduction

In his 2001 campaign for Mayor, Eddie Perez made stabilizing Hartford's neighborhoods and increasing opportunities for families one of the cornerstones of his campaign. His priority to help accomplish this goal was to increase homeownership in the City of Hartford. It has been known for some time that Hartford has had the lowest homeownership rate relative to all Connecticut's major cities as well as has the distinction of having the lowest rate in the nation for a city of its size.

In March, 2002 Mayor Perez announced the formation of the Homeownership Task Force and appointed 21 individuals representing community, corporate, religious, public sector, housing and real estate interests. The Mayor charged the Task Force with developing a strategy and specific plan from which the City could build its homeownership rate from 25% to 30% during the next five years.

In light of the Mayor's mandate the Task Force explored five basic areas from which to attack the problem of low homeownership rates. The Task Force then convened five subcommittees of individual task force members and "resource people" to provide specific expertise on the areas of concern. The topic areas were:

- CDC/NRZ's- what can be done to increase their role
- Marketing strategy and identification of niche opportunities
- Engaging the corporate, institutions and faith-based organizations to the effort
- Housing design, approval process and lowering costs of producing housing, and
- Streamlining the housing production process

The Task Force sets forth this strategy based upon the premise that housing is a keystone of a healthy community. Quality, affordable housing - along with good schools and public safety - is an important indicator of a community's vitality and ability to attract residents of all ages and income groups. For Hartford's neighborhoods to become healthier we will need to become more economically and income diverse. Homeownership will play an increasingly important role in shaping opportunity and building community.

To not act is unacceptable. Too many low-income people are living in substandard housing, and in neighborhoods of concentrated poverty and isolation from economic opportunity and the mainstream of society. Racially segregated and economically isolated communities impose a high economic and social cost in terms of poverty, crime, health, and poor educational outcomes. Alternatively, mixed income communities are more stable, have more political and financial resources, less need for expensive social services, and provide a safer, healthier environment for children and families. The City's housing policy should address not only the need for more affordable housing, but also the importance of using housing as the building block of stable, diverse and mixed income communities.

Finally, the Task Force embraced the linkages between housing and jobs, schools, transportation, and a healthy environment and that these are the underpinnings of a sustainable approach to development and to providing more people with greater opportunities for escaping poverty.

While our mandate was to build the strategy to increase homeownership in the City, we do recognize the importance of offering quality and affordable rental housing. A significant portion of the City's resident base will not be ready for homeownership during the 5 year horizon of our strategy. We would support and encourage the creation and/or renovation of rental housing especially when it would most likely compliment the development of homeownership opportunities through elimination of slum and blighted conditions that act to weaken homeownership potential.

2. A New Hartford Housing Policy - Departure From The Past

Perhaps the most important conclusion reached by the Task Force is the need to restate the City's policy from one that stresses housing affordability in a vacuum to one that will focus on creating the greatest impact in neighborhoods and insures the best chance for long-term sustainability. We are recommending this be accomplished through geographic targeting for investment, by serving a broader range of incomes, by creating the infrastructure to support coordination of investment and development activity and by producing housing that the market demands. We uncovered a sense of urgency to move the policy agenda as we recognize financial resources and land are in scarce supply. Maximum ability to leverage private resources and adoption of targeting into the resource allocation process are critical to the overall task force recommendations.

The emergence of "policy tenets" from the various committees gives us greater confidence that there is a need for a new policy construct that informs future funding decisions and development choices. These tenets include:

- the need to attract a diverse income range of families living in the City
- the need for more coordination of effort and consistency in decision making

- Hartford's competitive advantage will be the value of housing (size and design features in relation to price) relative to the suburban communities
- prioritizing the construction of single family homeownership opportunities where feasible
- the need to empower consumers in a buy-and-rehabilitate strategy to complement developer driven efforts
- leveling the development playing field so that CDC and small and minority builders can play a significant role in the production of homeownership
- the need to control the City's land resources to maximize homeownership production, and
- the need to target resources and the development effort, in essence picking critical areas to initiate the plan, instead of reacting to all proposals regardless of location and tactical impact

We must recognize that the Mayor's challenge of attaining a 30% homeownership rate in the City during the next 5 years is a very ambitious goal that will require strategic utilization of all publicly and privately owned sites amenable to locating homeownership opportunities. Hartford is densely built and we have limited opportunities to build housing that the market demands. This means that all development plans must be challenged to incorporate homeownership plans that meet the tenets listed above. Whether it be conversion of public housing, previous manufacturing structures, parking lot sites or in-fill, the City must press and challenge each developer to maximize homeownership housing opportunity within their respective plans.

What follows are the highlights of our recommendations organized into five strategic themes for progress. The themes are:

- **Resource expansion and alignment**
- **Produce what the market demands**
- **Targeting of investment through geographic selection**
- **Creating a development support infrastructure that streamlines the process**
- **Fostering enhanced support for consumers**

3. Resource Expansion and Alignment

The resource challenge is significant if Hartford is to achieve the Mayor's vision. Home prices in the City have come back from mid-1990s lows. However, creating new stock or converting existing stock is often times much more expensive than the after construction value. Creating homeownership in Hartford also is at a disadvantage relative to new construction in the suburbs as existing sites are often plagued with hazardous materials and deteriorated buildings. Its not uncommon for a developer of

single or duplex family homes to be in the “hole” \$60,000 or more before breaking ground on the new structure. Without public sector “gap” funds, Hartford will not stand a chance of meeting the Mayor’s goals.

Fortunately, the City has had access to Federal, State and some local funds. CCEDA, State DECD, Federal HOME and CDBG dollars are all being deployed to effectuate development of homeownership units in the City. We are proposing changes to the structure and purpose of Capital Housing that will further our efforts on the development side. We predict however, a \$10MM additional resource need during the first two years of implementation of this plan. We are hopeful, that by year three, a new Federal program proposed by President Bush – the Home Ownership Tax Credit – will be in place. This program will have the ability to fill the development financing gap associated with creating homeownership housing in the City. If this program fails to get Congressional approval then State and Federal resources will have to be assembled.

4. Produce What the Market Demands

Hartford has a limited stock of single family homes. By overwhelming margins this is precisely the stock that most families in the market want. The lack of appropriate stock hurts the City in two ways. First, first-time homebuyers have limited options and therefore often seek housing outside of the City that might more appropriately meet their needs. Second, Hartford has a limited stock to attract "trade-up borrowers". These families typically have more income and need stock that meets the stage of their household's life-cycle. Often times families that had their first home purchase experience in the City move out due to insufficient choices in desirable neighborhoods.

Less than 14% of Hartford's housing stock is single family detached. Another 4% is townhouse or condo style homes. Hartford must create more stock that families desire. Development of single family and duplex housing, townhouses and condos needs to be encouraged and supported.

We are also concerned about the large and growing proportion of existing Hartford owners that are over 65 years of age. This group represents 42% of current Hartford owners. We believe that special programs to help them maintain their homes as well as new developments that cater to this growing age group be created to offer them an alternative living arrangement while remaining in the City. Active elderly and retirement type housing is growing throughout the region and the City needs to develop stock that can offer residents opportunities to stay as well as helps the City attract empty nesters living in the suburbs.

5. Targeting of Investment through Geographic Selection

It is our belief that we cannot build sustainable, safe and desirable neighborhoods unless we invest and rebuild through a targeted approach. This will require a long-term commitment that rebuilds through a concentric model of development. Our goal is to have impact on all of Hartford over the long-term and we believe adherence to this strategy offers the best chance of positive movement throughout the City over time. We have to start from our strengths. Therefore, we are recommending the adoption of guidelines that help inform decisions to select target areas for focused investment and revitalization activity.

We recommend the selection of 3-5 initial target areas. The areas selected would, by the most objective standards, be those that have the best chance of succeeding, are likely to have significant areas of strength and would have the best chance to tap positive market factors, thus reducing the proportional need for gap financing. Throughout our work we remained cognizant of the need to stretch scarce public subsidy dollars as far as possible. Once a foothold of stability has been reached in those areas, the adjoining areas would be targeted.

6. Creating a Development Support Infrastructure that Streamlines the Process

The homeownership development process involves a variety of phases, players and expertise. We are proposing two basic strategies to better support and streamline the development process. First, working with the City Manager and City Department staff, we need to create an "Advocate" position that would be the liaison between the development team and the various departments reviewing plans for development. We are also recommending the City implement new technology and municipal best practices that would make the development and review process more efficient, less costly and more accessible to the variety of developer/builders that work in the City.

Second, we are recommending the creation of a new non-profit entity that would house a "Facilitator" who would be responsible for coordinating site control (with the City's Property Acquisition & Disposition unit), design and access to resources. The facilitator will focus on managing "gaps" in the development process. This facilitator would be there to help small developers/builders and CDCs through the development process and potentially serve as a developer of last resort where no other partner could be enlisted. The facilitator will also work with the City to maintain control of the City's stock of foreclosed and tax lien property when this property is within or adjacent to the selected target areas. In effect, we are proposing a moratorium of the practice of selling foreclosed properties in target and strategic areas. We are also proposing the creation of a "private landbank" mechanism for properties acquired through the facilitator entity.

7. Fostering Enhanced Support for Consumers

One of the major barriers to getting people into homes and keeping them there is access to basic information and services. Families with little homeownership experience don't understand the process. Others don't believe they can achieve homeownership. This leaves many families vulnerable to predatory lenders or stuck in housing situations that limit their ability to generate wealth.

The task force is recommending a more strategic and systematic focus that assists families through the homebuyer readiness process and which makes them aware of all of the first-time buyer assistance programs that were designed to help them. A concerted effort must also be made to help owner households who fall into trouble work through some options to keep them in their homes.

An augmented homebuyer education and counseling program is essential given the lack of ownership history in the majority of Hartford families. We also believe youth, those in high school and community colleges, should be exposed to basic financial literacy education so that they are better prepared to manage their credit. This is increasingly important in an era where one's personal credit score is evaluated in all employment, higher education and credit inquiries. Whether we like it or not, how we manage our credit, even when young, can have a major impact on the jobs we qualify for, the schools we are accepted into and the price we pay for credit such as automobile loans, insurance rates and credit cards.

As part of the education and counseling initiative, consumers will be assisted to acquire dwelling units in the open market. By providing consumers with the financial and technical means to become homeowners, we can launch a market-driven approach to deal with single and multi-family stock in need of upgrading. This approach has been successful in cities around the country. The UR Home program and the Community Renewal Team's new home renovation assistance center are examples of programs in place that can help in this regard.

The task force is also recommending various outreach and marketing activities in conjunction with NRZs, the schools and police department.

8. Conclusion

These are the highlights of the task force recommendations. The full set of recommendations made by each subcommittee are identified in the main text of this report.

Hartford faces a major challenge. It has one of the highest rates of poverty in the nation and is one of a handful of cities that actually saw poverty increase during the past decade. Out of wedlock childbirth, violent crime and lagging school performance

are serious obstacles to a plan to build significant increases in homeownership in Hartford.

There are positive signs however. Employment is up and job stability has improved. The school system has made significant improvements. Housing demand has become very strong in the City, partly because the suburbs have become less affordable and partly because of improving conditions and the ability to get more house for your money in the City.

Much more needs to be done. The recommendations included in this report can go a long way to helping the City rebuild itself into stable neighborhoods where more families have access to housing and the wealth creation benefits of owning ones' own home.

The effort is going to require hard work, effective partnerships, state and federal resources and most importantly, the support and participation of individuals and families who live in Hartford's neighborhoods. We are recommending programs not only for homebuyers but for existing owners as well. Community, neighborhood and faith based organizations will play a crucial role in forging the linkages and partnerships necessary to build strong neighborhoods and create the conditions for increasing homeownership.

For its part, the City, through the Mayor, City Council and City Manager need to take on a sense of urgency in the implementation of this plan. We don't believe we have reached a crisis, but we need to instill a sense of progress in the neighborhoods and with the prospective home purchasers we hope to attract. City approvals have to be done more efficiently as the edict - time is money - is most true in the development business. We have to be more strategic, as limited resources won't support a laissez faire approach. We need to see Hartford as the community and the goal of is truly citywide, not what's in it for "my neighborhood" or block. Our strategy does call for geographic targeting but the tools used to make selections are based on what's best for Hartford over the long-term. This is a significant departure from current ways of doing things, but in our view, is essential if we are to build a Hartford we would be proud of and confident to live in.

We seek the Mayor's approval of this plan. The plan identifies several strategies that can be pursued to increase the homeownership rate in the City. Several strategies are ready to go, many others need additional research and development before they can be implemented. The task force stands ready to work through the summer to completely develop the many ideas into strategies that can contribute to the vision of a healthy, vibrant and housing rich community.



PART II: RECOMMENDATIONS

The following section presents a summary of the recommendations made by the respective subcommittees of the Task Force. The committee recommendations have been arranged according to each goal that they support.

The full text of subcommittee recommendations are included in the appendix to this report. Several of the strategies will need additional research, thought and development during the summer. A final report will be issued by Labor Day recess.



Produce attractive, well-designed homes that give Hartford a competitive edge in the regional housing market.

1. Strategies to Create a Competitive Edge

Prioritize Construction of Single-Family Homes:

Less than 14% of Hartford's housing stock is single-family detached. Hartford must build more single-family homes to match what most families in the housing market want. Funding priority should be given to single family proposals that include townhouses, detached single-family homes, and conversion of Perfect Six apartment buildings into side-by-side ownership units.

Capitalize on Hartford's Historic Housing:

Hartford's neighborhoods are blessed with a wealth of historic housing stock which set it apart from the typical urban center. By restoring that housing stock, Hartford can create homes which are unique and at a competitive advantage compared to the typical suburban tract home.

Provide More Living Space:

Hartford has an abundance of built living space. Capitalize on that space by combining smaller units to create a larger owner's unit. Successful examples of this strategy can be found on Babcock Street (where a Perfect Six was reconfigured into two side-by-side townhouses) and Deerfield Avenue (where a three-family was downsized to a two-family). We recommend consideration of this downsizing strategy wherever feasible.

Build New Homes With Character:

New homes are not new for long. The City must work to insure that each new house has attributes that will make it an attractive place to live ten years later. Each new house produced should contribute to the vitality of the City for years to come and not eventually become part of the problem.

Emphasize the Public Façade of a Home:

Give special emphasis to the façade and front yard of the home (the so-called "public realm") to make as visible as possible the revitalization taking place in the community. This emphasis will: (a) improve marketability of the home through enhanced curb appeal; (b) encourage private investment in the surrounding area as a consequence of the visible improvement; and (3) promote a pride of place among the residents of the community.

2. Method to Implement Strategic Vision

Create Design Center:

The task force recommends establishing a "Design Center" which would assist the City and developers in developing plans, specifications, and standards that will utilize Hartford's historic assets to create attractive, marketable housing and develop new designs which complement and enhance the existing character of the community. The Center could also be recruited to help the City Planning Department on developing plans for community and NRZ activities.

Develop Advisory Network:

The "Design Center" could be advised by a network of interested volunteers including members from the preservation community, planning professionals, builders, and students from the University of Hartford School of Architecture as well as the City's Planning Department. This network would research cost-effective renovation and new construction methods so that the homes produced will deliver distinctive design features at a reasonable cost.

Design to Deter Crime:

The Design Team should utilize the CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN (CPTED) program. CPTED is an approach to planning and development that reduces opportunities for crime. Communities, neighborhoods, individual homes, and other buildings, streets, and parks can all be made safer through the application of design principles that make it more difficult to carry out inappropriate activities.



Target investment in concentrated areas to maximize impact and ensure long term viability.

1. Maximize Impact

Establish Target Areas:

The task force recommends a strategy that focuses development efforts on targeted areas to maximize potential for success and then to build out from these successes. We recommend the selection of 3-5 initial target areas. The areas selected would, by the most objective standards, be those that have the best chance of succeeding, are likely to have significant areas of strength and would have the best chance to tap positive market factors, thus reducing the proportional need for gap financing.

Process for Establishing Target Areas:

The task force recommends that a panel of urban design experts assist the City and a subset of members from the task force and broader community to develop the strategy and criteria to select target areas during the summer. It is critical that this relatively small group function in an environment removed from local politics. The group will review and implement the target selection criterion and make target area boundary designations based upon the criteria. **Identify specific planners and include in recommendation.**

Support with Infrastructure Improvements:

The homeownership initiatives in targeted areas should be supported with infrastructure and streetscape improvements. The task force recommends that \$1.25 MM of the City's CDBG allocation be deployed for this purpose.

Support with Home Improvement Loans:

The homeownership initiatives in targeted areas should be supported with façade and other home improvement loans so that a visible improvement is achieved for the entire area. We will need to identify low-interest, flexible funding for this purpose to insure maximum participation from the surrounding property owners.

2. Ensure Long Term Viability

This is a goal which is important on its own merits, but housing development and successful marketing will only occur where long term viability is assured.

Support with Public Safety Initiatives:

The task force recommends resources be identified to support target area public safety strategies which would work in conjunction with the physical improvement. Consider utilizing the Department of Justice's Weed & Seed program which is being successfully implemented in a portion of the Blue Hills neighborhood.

Support with "Community Greens":

The task force recommends that the City Planning Department develop a strategy to create and maintain "Community Greens" where appropriate.

Consider Master Association for Existing Common Interest Communities:

The task force recommends further research and consideration of the development of a city-wide Master Association for small condominiums, cooperatives and other common interest communities. This Master Association could also hold title to and maintain façade easements, conservation easements, small "pocket parks", parking lots, fences, and other common amenities and property.

Consider City Insurance Rating Process:

One of the major barriers to living in the city is the higher cost for homeowners and automobile insurance. Automobile insurance in particular seems to add relatively significant costs for City dwellers. The task force recommends that we seek an explanation of the rating process from the Insurance Department to determine if anything can be done to reduce this cost disadvantage.

Eliminate Property Tax Advantage for Investor Owners of 1-4 Family Homes

The City's tax assessment process gives certain tax advantages to owners of 1-4 family homes. This was done to protect homeowners. Analysis done by the Connecticut Center for Economic Research find that the tax assessment system also benefits investor owners of 1-4 properties, giving them an unfair advantage over owners of larger multifamily buildings. The Task Force recommends that the Mayor and City Council change this policy to give tax advantage to properties inhabited by the owners of 1-4 family properties and not to investor owners.

**Attract homebuyers of all income from throughout the city, region, and state.****1. Develop Financial Incentives to Buy in Hartford****Down Payment Assistance****HouseHartford:**

The Task Force recommends that the City maintain the HouseHartford down payment and closing cost assistance program at its current \$1 million annual allocation. Since its inception in 1995, this program has enabled almost 700 low, moderate, and middle income families to purchase a home in Hartford. The Task Force further recommends that the balance of the City's annual HOME allocation should be used to support affordable rental housing. We further recommend that the bulk of the assisted rental housing be within the targeted areas discussed above.

Special Loan Programs**UR Home Program:**

Utilize UR Home Program which provides up to \$25,000 per single-family home (\$35,000 for a two-family home) of forgivable no-interest loans from the State to make improvements to homes purchased in Hartford. The program is currently available to

employees of participating Hartford businesses provided the business makes a \$2,500 contribution. We propose to work with local businesses to raise \$250,000 for the UR Home Program which could leverage up to \$2.4 million in State forgivable loans to purchase and improve homes in Hartford. We also recommend seeking changes to the program guidelines to allow any employees to benefit, including those working for municipal, nonprofit, and other commercial businesses, rather than just the employees of the contributing employer.

Employer Assisted Housing Tax Credits:

Encourage Hartford businesses to take advantage of the Employer Assisted Housing Tax Credit Program to establish revolving loan funds for the benefit of employees wishing to buy in Hartford. Under the program, an eligible employee may borrow from the fund to finance the down payment and closing costs or buy down the interest rate on a mortgage loan. We recommend the following program changes to increase employee access to the program: increase annual allocation from \$1MM to \$3MM; enable Subchapter S to be eligible entities; and allow companies to pool resources to create larger fund to support employee purchases in the City.

Section 8 Homeownership:

Utilize monthly federal Section 8 housing assistance to subsidize the mortgage payment of lower income families so that they can afford to purchase their first home.

Low-Interest Second Mortgage Loans:

Develop a low-interest second mortgage loan product to attract buyers from all income levels. The loan product could be utilized in conjunction with a Section 8 homeownership program to enable lower income families to purchase a home. It could also be utilized as an incentive to attract middle and upper income families to buy in Hartford. The loans could be capitalized from resources from the Capital Housing Corporation. (See the specific recommendations on restructuring of Capital Housing Corporation in the financial resource recommendations section below.)

2. Market Hartford Homes

Marketing Campaign:

We need to coordinate and marshal resources for a comprehensive marketing campaign for Hartford homeownership. A focus group has been held with real estate brokers to determine the issues in marketing Hartford homes. More of this research should be done to determine the market niche for Hartford. A campaign should then be designed to best reach the potential consumers to fill this niche. The campaign could highlight notable people who have lived here along with those who currently own homes in Hartford. Testimonials from homeowners could also be incorporated. The task force recommends that we enlist the Hartford Image Project, managed through the

MetroHartford Alliance to include a housing marketing initiative within its overall Hartford Rising Star campaign.

Employee Outreach:

Encourage human resource employees to support homeownership in Hartford by incorporating the message into the orientation process for new employees. Create a model or guide for HR departments with suggestions of what marketing materials they could use for this effort i.e. a flyer in the orientation package promoting available properties in Hartford and reference to the City's web site. The model needs to be promoted by all companies in Hartford; the Alliance may be used as the outreach mechanism.

Faith Outreach:

Hold educational seminars on homeownership at the various places of worship in Hartford and identify potential homeowners through faith community linkages.

Outreach to Active Elderly:

Conduct additional focus groups for active 55+ age group. We believe there might be a large potential to attract suburban purchasers as well as maintain existing Hartford owners if the "right" new housing opportunity was created. Low maintenance housing, with access to cultural and social activities could be integrated with a housing strategy to build this market.

Neighborhood Promotion:

Work with Hartford 2000 committee to generate neighborhood profiles and brochures as well as web-based media. Work with the school board and NRZs to gather and publish positive school performance statistics and integrate those into neighborhood profiles.

3. Expand Pool of Home Buyers Ready to Buy

Improve Home Buyer Education Programs:

The City needs to support and demand coordinated home buyer education, counseling and post-purchase support. This is a critical need to help better prepare borrowers as well as to increase demand for low- and moderate-income buyers as well as help people stay owners over the long-term. We propose to convene a committee of homebuyer and financial literacy education experts to review the existing programs and make recommendations for a coordinated system to maximize consumer coverage.

Teach Financial Literacy in Schools:

Supplement the Hartford education curriculum to include a financial literacy course at the local high schools and community colleges. Train the teachers and/or interested employees at local companies to teach the course. Teach the value of homeownership

equity vs. rental scenario, how to build equity and post-closing support.

4. Identify Sites with Strong Market Potential

To achieve the goal of an economically diverse city, the City needs to identify sites which could support a broader income mix of home buyers.

Identify and Catalog Sites:

The City Planning Department should be asked to identify and catalog City owned and privately held vacant lots that can then be analyzed for their potential for homeownership development. This should be completed by October 1, 2002.

Identify Large Parcel, High Potential Sites:

The task force would work with the Planning Department to identify other large parcel, high potential development sites such as State-owned or privately owned surface parking lots, brownsfield sites and underutilized structures for larger scale urban townhouse and retail development. We ask that the Planning Department develop alternative zoning for these sites to accommodate homeownership and retail development. This should be completed by October 1, 2002.

Research Ability to Develop on City-Owned Open Space:

The task force recommends a more thorough look at under utilized Open Space, including the peripheries of parks for potential for homeownership development. Deed restrictions should be reviewed and a determination for eligible development sites made by September 1, 2002.



Streamline the site acquisition and production process.

1. Facilitate Site Acquisition

Create Land Bank Entity:

The task force recommends a land bank entity be formed to work with the City of Hartford to negotiate the purchase of properties that are part of targeted the homeownership initiatives. The land bank entity would be responsible for acquiring and holding the property for redevelopment by developers selected through a RFP process. The land bank would coordinate disposition with the City's Property Acquisition & Disposition department.

Acquire Sites by Summary and Tax Lien Foreclosure:

The City of Hartford has made excellent use of its authority to acquire tax delinquent properties either through Summary Tax Foreclosure or a straight tax lien foreclosure. In the past 3 years, the City has acquired over 350 properties in this manner, including

strategic parcels that made several large scale developments possible including the 52-unit Mortson/Putnam Heights homeownership project. The task force commends the City for its work in this area and urges the City to continue to utilize these site assembly vehicles.

Acquire Key Sites by Eminent Domain:

Utilize the statutory authority available either through the Redevelopment Agency or the Urban Homesteading Agency to acquire by eminent domain key properties which are part of targeted homeownership initiatives. Eminent domain would be utilized in cases where the properties cannot be acquired by other means (i.e. private purchase at a reasonable price, foreclosure of a tax lien, summary tax foreclosure etc.) and where the owner is unwilling or unable to redevelop the site.

Moratorium on the Sale of City-owned and tax lien properties:

A critical component to the successful implementation of the homeownership strategy outlined herein is to obtain site control of properties that are within or adjacent to selected target areas. Accordingly, the task force proposes a moratorium on the sale of foreclosed properties or tax liens for those properties that are part of target areas.

2. Improve City's Regulatory Review Process

Expedite Permit Process: The task force recommends that the City Manager be charged with developing a plan, by October 1, 2002, which will streamline the City review process and minimizes the time it takes to secure a building permit as well as to obtain a certificate of occupancy. Such plan may include an advocate system whereby one city staff person would be assigned to each project to assist that project through the approval process and coordinate all department reviews. The plan should also include a thorough review of all housing code requirements to determine conflicts with State and Federal requirements and recommendations for determining resolution to the conflicts. We further recommend that the plan include performance measures that will be instituted for the purposes of evaluating the implementation of design review and streamlining recommendations.

Research Best Practices: The City and the task force should explore best practices from around the nation on approval, cost reduction and technology adaptation and make recommendations for adoption where appropriate. The City should maximize utilization of new technology to speed up the review process and facilitate simultaneous review from multiple departments.

Consider Building Code Modifications: The City should explore the code modification process managed by the State Fire Marshall and State Building Code

Official to determine ways to reduce costs associated with conversion and renovation projects.

Checklist of Standards and Required Submissions

The task force recommends that the City License and Inspections Department develop a brochure that includes a checklist of all the required submission documents from all the departments involved in the site and building plan and review process. This brochure will be made available to all interested builders and developers.



Expand the pool and capacity of homeownership producers.

1. Employ Non-Profit Developers to Help Meet Production Goals

Utilize Non-profit Development Capacity:

Build on the growing track record of homeownership production by non-profit developers in Hartford. During the last three years, homeownership production by non-profit developers has increased significantly, from 35 units in 2000 to 100 units projected for 2002. Utilize existing non-profit development capacity and, importantly, the ability of non-profits to attract capital to produce more homeownership units in Hartford.

Obtain commitments for homeownership production:

Obtain commitments from participating non-profit developers to produce a minimum of 100 units of owner-occupied housing over the next year. The commitments would be formalized through a written memorandum of understanding with the non-profits. Work to increase the non-profit production goal by 25% each year over the next five years.

Develop incentives for homeownership production:

Develop incentives for non-profits to increase their homeownership production pipeline. Such incentives could potentially include: (1) capacity-building grants; (2) a working line of credit to pay for predevelopment expenses associated with homeownership development; and/or (3) a back-end incentive fee which is earned upon meeting production goals established in the written memorandum of understanding.

Identify faith-based developers:

Identify additional non-profit partners to meet production goals. Explore the

possibility of identifying faith-based organizations willing to undertake homeownership production in Hartford. Several churches have already indicated an interest in getting involved. Identify faith-based organizations with the financial resources to support the staff/consultants needed to undertake homeownership development.

2. Unleash the Private Sector

Encourage private sector participation:

The Mayor's homeownership production goals cannot be met without the active participation of the private sector. A few private developers are building homes in Hartford but much more is needed. By assembling multiple properties for development, streamlining the city's regulatory review process, and identifying financing sources for production, the City can encourage private developers to become involved.

Organize Support System for Small Builders

Most of the small builder/contractors have demonstrated the capacity to get the housing built. They are in need of support in the areas of financial packaging and accessing gap resources. We are proposing that a facilitator entity be created to provide support for builders to access bank and gap financing. The facilitator would also organize training programs and link TA support to the small builders. The facilitator will therefore build a list of support services and vendors that could be targeted – for a fee- to help small contractors. The task force will explore resources that could be assembled to help minimize the fees.

Encourage Partnerships

We see an opportunity to create partnerships between nonprofit developers and small builders. This could be done either through joint ventures or through contracts and negotiated bids. The facilitator would create venues to explore these partnerships.



Expand financial resources to meet production goals.

1. Maximize Use of Existing Subsidies to Fund Development Gap

CCEDA Neighborhood Funds:

In 1998, the State through the Capital City Economic Development Authority (CCEDA) made available to the City of Hartford \$25 million for housing demolition, mothballing and gap financing in Hartford's neighborhoods. There is approximately \$12 million remaining from the original allocation. The task force further recommends that the bulk of these CCEDA resources be used consistent with the targeting criteria proposed herein. The task force is also recommending changes to the process to access CCEDA resources that will clarify the gap calculation and streamline the process timeline.

Historic Homes Rehabilitation Tax Credits:

Up to \$3 million of state tax credits is available to subsidize the renovation of homes listed on the State or National Register of Historic Places. Hartford has more than 2000 buildings listed on these registers. The credits can be utilized to raise funds from corporations who may deduct the amount of their contribution on a dollar-for-dollar basis against their state business taxes. We recommend that \$1 million each year be raised from local corporations to support the redevelopment of historic homes in Hartford.

State Housing Tax Credits:

The Connecticut Housing Finance Authority (CHFA) allocates \$5 million in state tax credits each year to support qualified and approved housing projects developed by non-profit corporations. The credits are allocated through a competitive process and have gone almost exclusively for rental projects. We recommend working with CHFA to prioritize homeownership development as part of its ranking criteria and to assist local non-profit corporations in securing an allocation of state housing tax credits for Hartford homeownership projects.

CHIF Neighborhood Rebuilder Program:

The Connecticut Housing Investment Fund (CHIF) provides development gap subsidies through its Neighborhood Rebuilder Program to fund the renovation and new construction of single-family homes. We recommend supporting CHIF initiative to raise additional funds that focuses on the development of single family homes in Hartford.

HNDSC Incentive Fee Program:

The Hartford Neighborhood Development Support Collaborative (HNDSC) provides an incentive grant of \$2,500-\$10,000 per unit to non-profit corporations renovating buildings for homeownership in targeted Hartford neighborhoods. We recommend that local foundations and corporations be approached to help augment this homeownership incentive fund.

2. Identify Additional Subsidies**State DECD:**

The task force recommends that the Mayor and City Council seek \$10 million from the State of Connecticut Department of Economic and Community Development (DECD) to support the Mayor's homeownership production goals.

Federal Homeownership Tax Credits:

The President has proposed legislation which would create a federal tax credit to support homeownership in urban neighborhoods. The dollars raised from corporations

3. Preserve and Restructure Capital Housing Resources to Support Homeownership

Redeploy Capital Housing Corporation Resources into the Hartford Homeownership Trust:

The Capital Housing Corporation has approximately \$5 million in resources supporting rental housing. There is a cash account as well as mortgage notes backed by revenue of rental properties in Hartford. The task force recommends that the Mayor ask the corporate investors in Capital Housing to convert their investment into a new entity called the Hartford Homeownership Trust. The proceeds from the sale of the notes and existing cash balance would be used to capitalize the trust. We further recommend that the Trust resources be invested in a way that maximizes recapture of invested funds to create a long-term, revolving housing investment asset. Resources would be deployed in three initial ways:

- to create a second mortgage in conjunction with the Section 8 Homeownership program for low-income purchasers
- to fund a construction bridge loan for private developers accessing City gap funds, and
- to create an incentive mortgage for middle and upper-middle income households purchasing primary residences in Hartford



Appendix

The following section presents:

- The full text of subcommittee recommendations
- Task Force Committee Member List